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**BEFORE THE BOARD OF PATENT APPEALS AND INTERFERENCES**

Application Number: 09/904,061
Filing Date: July 12, 2001
Appellant(s): COLE ET AL.

Philip Anderson
For Appellant

**EXAMINER'S ANSWER**

This is in response to the appeal brief filed 17 February 2010 appealing from the Office action mailed 1 April 2009.

**(1) Real Party in Interest**

The examiner has no comment on the statement, or lack of statement, identifying by name the real party in interest in the brief.

**(2) Related Appeals and Interferences**

The following are the related appeals, interferences, and judicial proceedings known to the examiner which may be related to, directly affect or be directly affected by or have a bearing on the Board's decision in the pending appeal:

Prior Appeal 2008-0893

**(3) Status of Claims**

The following is a list of claims that are rejected and pending in the application:

Claims 1-10

**(4) Status of Amendments After Final**

The examiner has no comment on the appellant's statement of the status of amendments after final rejection contained in the brief.

**(5) Summary of Claimed Subject Matter**

The examiner has no comment on the summary of claimed subject matter contained in the brief.

**(6) Grounds of Rejection to be Reviewed on Appeal**

The examiner has no comment on the appellant's statement of the grounds of rejection to be reviewed on appeal. Every ground of rejection set forth in the Office action from which the appeal is taken (as modified by any advisory actions) is being maintained by the examiner except for the grounds of rejection (if any) listed under the subheading "WITHDRAWN

REJECTIONS." New grounds of rejection (if any) are provided under the subheading "NEW GROUNDS OF REJECTION."

**(7) Claims Appendix**

The examiner has no comment on the copy of the appealed claims contained in the Appendix to the appellant's brief.

**(8) Evidence Relied Upon**

| | | |
|---|---|---|
| 5,504,461 | Bell et al. | 04-1996 |
| 6,312,333 | Acres | 11-2001 |
| 4,882,473 | Bergeron et al. | 11-1989 |
| 5,326,104 | Pease et al. | 07-1994 |

**(9) Grounds of Rejection**

The following ground(s) of rejection are applicable to the appealed claims:

**Claim Rejections - 35 USC § 103**

1. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

> (a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made.

2. Claims 1, 2 & 4-10 are rejected under 35 U.S.C. 103(a) as being unpatentable over Bell et al. (US Patent Number 5,505,461) in view of Acres (US Patent Number 6,312,333).

**Claim 1:** Bell teaches a method of allowing a United States-taxable player to participate in an uninterrupted gaming session when a jackpot over a threshold amount is won on a slot machine. (Col 3, 58-60) Bell teaches collecting and storing player-related

information. (Col 5, 39-42) Bell teaches recording the jackpot-related information whenever a jackpot greater than a threshold amount is won and crediting winnings to the player. (Col 3, 30-42) Bell also teaches generating a statement referencing the recorded jackpot information and player information after the player is done playing. (Col 4, 43-60) Bell teaches ensuring that the player continuously maintains access to all winnings, including all winnings over the threshold amount. The amounts are recorded on the IRS meter and the player may use them to make additional wagers. (Col 3, 25-55 & Col 4, 27-38) Bell teaches recording the nationality of the player so that money will not be withheld in cases where IRS rules do not apply. (Col 5, 43-47) Naturally, if no taxes are withheld, no reduction is made to the winnings and the player receives all winnings over the threshold amount. Bell clearly has the ability to make instantaneous payouts for amounts over the threshold amount. Bell teaches generating a statement upon termination of the gaming session. (Col 3, 47-49) Bell teaches use of player tracking cards, but fails to teach the details of the system. Player tracking systems are extremely well known to the art. They allow casinos to keep track of player activities so that the casinos can tailor there marketing to patron requirements. Acres teaches a tracking device having a central server that is connected to the gaming machine. (Fig 2, 60) & Col 2, 1-10) It would have been obvious to one of ordinary skill in the art at the time of the invention to have modified Bell to include a tracking device having a central server that is connected to the gaming machine as taught by Acres in order to carry out Bell's teaching of using a player tracking system and to allow casinos to keep track of player activities so that the casinos can tailor there marketing to patron requirements.

Bell also fails to teach enabling the payout before the jackpot related information statement is generated. Acres teaches that with a player tracking system, it is possible to immediately approve the award and make payments. (Col 6, 50) Since the W2-G form is generated by a processor that is not on the gaming machine, this means that the player does not have to wait until the form is actually printed before receiving the winnings. This adds to player convenience. It would have been obvious to one of ordinary skill in the art at the time of the invention to have modified Bell in view of Acres to enable the payout before the jackpot related information statement is generated in order add to player convenience.

As pointed out above, Bell teaches obeying IRS rules for making payments. To the extent that immediate payouts of cash amounts over the threshold amount are permitted by law, Examiner believes that Bell would make those payments. Acres, however, explicitly teaches making immediate payouts over the threshold amounts. (Col 6, 50- Col 7, 6) Acres makes it clear that this is done in cases where it is legal to do so. This immediate payout provides the player with his money in a timely manner. It would have been obvious to one of ordinary skill in the art at the time of the invention to have modified Bell (to the extent that any modification is necessary) in view of Acres to provide an immediate payout of any winnings over the threshold amount in order to provide the player with his money in a timely manner.

**Regarding the newly added limitation**, as pointed out immediately above, Acres teaches immediate payout of any winnings. Thus Acres teaches that payout of any winning to the credit meter is subject to immediate cash out.

**Claim 2:** Bell's preprogrammed gaming machine is allowed to play an uninterrupted game even if a reportable jackpot is won. (Col 3, 58-60)

**Claim 4:** Bell's player is given physical access to the game of chance dedicated to uninterrupted play. (Fig 1) The player actually gets to touch the slot machine to pull handle (14).

**Claim 5:** Bell teaches verifying a player's identity and citizenship. (Col 5, 19-25) While the method of doing so is not stated, this could not be done without viewing documents that qualify as proof of the player's identity.

**Claim 6:** Bell teaches gathering tax-related information from the player. (Col 5, 19-25)

**Claim 7:** Bell teaches verifying the player's identity but does not explain in detail how to accomplish. (Col 5, 19-25) IRS regulations require the casino to fill out Form W2-G for certain jackpots. The instructions for the form require identification numbers from a driver's license, social security card, or voter registration to be inserted into boxes 11 & 12 of the Form W2-G. Thus looking at these documents is required by Bell's disclosure.

**Claim 8:** Bell teaches that the tax-related information is the player's name and tax identification number (Col 5, 19-25), but does not specifically disclose collecting the address. Bell teaches filling out Form W2-G, which requires the player's address. Thus the collection of the address data is inherent in Bell's disclosure.

**Claim 9:** IRS regulations require that the Form W2-G be filed (i.e., reported to a taxing authority) when the jackpot exceeds a certain threshold. While Bell does not specifically disclose filing the paperwork, there would be no other reason to generate the form. Thus Bell teaches reporting the jackpot to the IRS by implication or, in the alternative, it would

have been obvious to one of ordinary skill in the art at the time of the invention to have filed the Form W2-G in order to comply with IRS regulations.

**Claim 10:** Bell teaches providing the player with a statement referencing jackpot information after the player is done playing. (Col 4, 53-60) The W2-G is such a statement.

3. Claim 3 is rejected under 35 U.S.C. 103(a) as being unpatentable over Bell and Acres as applied to claim 1 in view of Bergeron et al. (US Patent Number 4,882,473) and Pease et al. (US Patent Number 5,326,104).

**Claim 3:** Bell and Acres teach the invention substantially as claimed including the use of a player card. Bell and Acres do not teach inserting an agent card or selecting uninterrupted play from a menu. Bergeron teaches insertion of an agent card for the purpose of enhancing security. (Abstract) It would have been obvious to one of ordinary skill in the art at the time of the invention to have modified Belle and Acres to require the insertion of an agent card to enhance security as taught by Bergeron. Menus are ubiquitous – virtually every computer system that allows a selection provides a menu. Pease teaches a menu-driven system and states that menu-driven systems are easy to operate. (Col 17, 67-68) It would have been obvious to one of ordinary skill in the art at the time of the invention to have modified Bell and Acres to allow the selection of uninterrupted play from a menu screen on the display as taught by Pease in order to make the system easy to operate.

**(10) Response to Argument**

1. This is a case in which Appellant seeks to patent doing nothing where nothing is required.

2. The Internal Revenue Service (IRS) desires to keep track of player winnings above a certain amount. Therefore, the IRS has promulgated rules that require the collection of data when a player has won over that threshold. (Note: Examiner admits that he has interpreted the claimed threshold to be the IRS threshold. The claims do not necessarily require this.) Bell allows the data to be collected once and then used for any other play by the player. Appellant's invention also allows the collection of data once for use in subsequent plays of the game.

3. The IRS is also concerned with withholding of taxes due. Bell makes provision for withholding taxes where required. Bell also makes provision for not withholding taxes if it is not required – i.e., to foreign gamblers. Bell further points out that "the IRS allows players to offset their winnings with documented losses." (Col 1, 25-26) Thus, if a player wins a jackpot early in the day & loses all that money, the losses would offset the winnings & no net withholding would be required. Furthermore, Appellant argues that the IRS never requires casinos to withhold money. Therefore, both Bell & Acres suggest that all winnings should be immediately available for payment to the player – with no withholding.

4. As noted above, Appellant is seeking to patent doing nothing where nothing is required. Appellant says that no withholding is ever required by the IRS. Therefore, Appellant does not withhold any taxes.

5. One can readily imagine one of ordinary skill asking himself what should happen when an amount above the IRS threshold is won. Should the slot machine withhold taxes? Or should it not withhold taxes? A quick look at the IRS rules shows that no withholding is required.

Naturally, the practitioner of the art would not withhold taxes. It is not required. Doing so would require extra work. And withholding taxes would mean that the gambler has less money to bet on the slot machines -- potentially reducing profits. After all, if the player wins a big jackpot, the casino would like him to lose it all back. Withholding taxes when not required would mean that the player would have to pull more money (i.e., the amount withheld) out of his own pocket to do this. Can anyone imagine anything more obvious than to not withhold taxes if no withholding is required? Examiner certainly cannot.

6. Furthermore, as noted above, both Bell and Acres teach immediate payout of all winnings in cases where withholding is not required. Bell teaches recording the nationality of the player so that money will not be withheld in cases where IRS rules do not apply. (Col 5, 43-47) Acres, explicitly teaches making immediate payouts over the threshold amounts in all cases in which it is legal to do so. (Col 6, 50- Col 7, 6) Thus it is clear that Appellant's invention is obvious over the prior art.

**Response to Specific Arguments**

7. Appellant argues that the prior art fails to teach paying the value of the jackpot immediately after the player wins credits over the threshold amount. Acres states (in pertinent part):

> "Once the amount to be paid is determined, the casino can program the system, in accordance with IRS requirements to take one of several actions: 1. Immediately approve the award and make payment." (Col 6, 47-50)

8. It is difficult to see how this could be stated more explicitly. Surely, one of ordinary skill would interpret the words, "Immediately approve the award and make payment", to mean that the machine may pay the value of the jackpot immediately after the player wins credits over the

threshold amount. Further, Acres states that, "The payment amount is determined by the amount won and the withholding amount, if any." (Emphasis added) (Col 7, 59-60) Therefore, if no withholding is required (as Appellant has argued), the payment amount is the amount of the award. Thus Acres clearly teaches the immediate payout all the entire amount of the jackpot – including any amount over the IRS threshold.

9. Appellant argues that Bell does not have the ability to pay out instantaneously. Appellant cites a section from Bell that discusses collection of data & generation of the IRS forms. Appellant does not cite the section of Bell that makes it clear that the data may be collected prior to play. (Col 5, 19-25) The player enters identification indicia (either prior to play or alternatively upon winning an amount over the IRS threshold) & the pre-collected data is used to generate any IRS forms needed. Since these forms may be generated at a central location, (Col 4, 56-60) the player has no wait before payment is made. This means that the player gets immediate payout of all funds. (Clearly, the Casino would not keep the player waiting at the machine if the IRS forms are not printed at the machine. There simply would be no reason to do so.)

10. Examiner freely admits that there might be occasions on which the player may not get immediate payment. If, for instance, the player has not provided the data required by the IRS, then no immediate payment would be made. But it is only necessary to show that there is one case in which immediate payment may be made for the reference to teach that feature. It is Examiner's belief that if a player has already entered the necessary IRS data, Bell's system will automatically print the necessary IRS forms at another location & immediately pay the player.

However, as pointed out above, even if Bell does not teach immediate payment, Acres certainly does.

11. Appellant argues that Bell does not allow paying the value of the jackpot immediately while permitting continued play. Appellant argues that Bell does not teach payment before termination of the gaming session. It should be noted that Appellant's claims do not require this. The claims require enabling the payment of the jackpot subject to immediate cash out. It also requires enabling the player to continue the gaming session. Bell teaches both of these features.

12. The claims do not require enabling the payment of the jackpot upon cash out while still continuing the session. In other words, it does not require giving the player the ability to make a partial withdrawal of funds. (Though Acres arguably does so.) Simply put, this argument is no commensurate in scope with the claims.

13. Appellant argues that Acres does not allow the immediate payout of the jackpot. As noted above, Acres clearly teaches the immediate payout of the amount won. This amount is determined by subtracting the amount the IRS requires the casino to withhold (if any) from the amount of the jackpot. Acres specifically states that, "The payment amount is determined by the amount won and the withholding amount, if any." (Emphasis added) (Col 7, 59-60) By including the "if any" language, Acres makes it clear that if the IRS does not require withholding, the entire amount of the jackpot is paid and paid immediately. Appellant has argues that withholding is not required, so Acres would always pay the entire jackpot amount & would pay it immediately.

14. Appellant argues that in the Acres system, the player has no control over when the record is generated. First of all, this is piecemeal analysis – Bell clearly teaches generation of the IRS

forms on termination of the gaming session. Secondly, the claims do not require the player to have such control. The claims merely require that the forms be generated after the gaming session has ended. It could be immediately after the session has ended, or it could be a month after. Either way, the claims are met. Acres teaches periodically generating the forms. The forms cannot be generated while the gaming session is going on. Therefore, they must be generated after the session ends.

15. Appellant argues that the Examiner did not apply the TSM test for obviousness. As the court points out in KSR v Teleflex, the TSM test is not the only test for obviousness. Furthermore, Examiner did provide a motivation for the combination of the reference. A casino would want the customers to be happy. If a casino withheld money when the IRS did not require it, then the player would not be happy. If the casino waited before paying the money to the player, the player would not be happy. Therefore, it is in the casino's best interest to make a timely and complete payment to the player of all money the player has won. This is certainly sufficient motivation for making the combination.

16. Appellant argues that Bell and Acres represent alternate approaches to the problem. Examiner disagrees. Both Bell and Acres are concerned with providing a system whereby a casino may comply with the IRS regulations without undue interruption to the play of the game. Bell explicitly states that this is the goal in the Abstract and at Col 4, 66. Acres states in Col 2, 25-35 that one of the purposes of his invention is to accurately comply with the IRS requirements while getting the player back to playing the game more quickly. Clearly, it does not involve improper hindsight to combine such closely related references.

17. Appellant again makes the argument that Acres fails to teach awarding the entire jackpot. This is simply not the case. Acres repeatedly provides the caveat that only required withholding is subtracted from the award amount. (See Col 1, 65-67, which states, "the invent comprises a method for automatically awarding credits to a player ... adjusted for tax codes." See also Col 5, 22 where Acres discloses that the player data includes storing whether or not withholding is required. Acres would not store this information is it were not to be used.) If no withholding is required, then Acres would pay the entire amount.

18. Appellant argues the report timing issue yet again by stating that, "Claim 1 ties the timing of the generation of the report to the termination of the gaming session (which is within the player's control). As pointed out above, Bell clearly teaches this & Acres can certainly generate the reports after the gaming session is complete. In fact Acres states that if the IRS will allow it, a W-2G will be generated on cash out (i.e., upon termination of the gaming session.) (Col 7, 33-43)

19. Appellant states that Bell delays payment until the IRS form is completed. This is probably not the case. Bell teaches that the form may be printed at some central location. It does not make sense that the casino would keep the player standing at the gaming machine while a form prints elsewhere. The casino wants to free the gaming machine for play by another user as soon as possible. Besides, the form is probably going to be delivered in the mail. Why would anyone have the player stand around at a gaming machine to wait until a form that will be mailed to him is printed in a casino office? So it is obvious that Bell would not require the player to wait until it is generated in order to pay. (That is, in cases where the casino already has the player information on file. If the player information is not on file, then clearly the casino must

make the player wait until the information is collected.) Furthermore, even if Bell didn't teach this, Acres explicitly does.

20. Again, Examiner notes that Appellant's arguments about player control of the timing of the printing is not in the claim. As written, the claims allow the casino to generate the report at the end of the year – as long as it is after the termination of the gaming session.

21. Appellant argues that claims 2-10 stand and fall with claim 1. Since Examiner has shown that the prior art renders Claim 1 obvious, Examiner respectfully requests that the rejection be affirmed.

**(11) Related Proceeding(s) Appendix**

No decision rendered by a court or the Board is identified by the examiner in the Related Appeals and Interferences section of this examiner's answer.

For the above reasons, it is believed that the rejections should be sustained.

Respectfully submitted,

/Corbett B. Coburn/
Primary Examiner, Art Unit 3714

Conferees:

/David L Lewis/

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